



COMPASS

### **Brian Karaba - Montage International - CFO**

#### **What about the current crisis worries you the most? What gives you the most hope?**

From a business perspective, my biggest concern as it relates to Covid-19 is the lasting impact it will have on our day-to-day lives: how will it impact our social interactions, our willingness to meet in groups, dine at restaurants, or spend leisure time at gyms, spas, or pools. The most hopeful aspect of the post-crisis world is that we are seeing indications that people want to treat themselves when restrictions are lifted. Families may vacation for an extra week, upgrade their accommodations when traveling, and/or spend more money on dining and activities. The fear and severity of the health consequences of Covid-19, coupled with the difficulty of isolation, seems to be prompting people to want to celebrate their freedom and make new memories outside of the four walls of their homes to a much higher degree than existed before the crisis.

#### **How has this crisis affected your family? Your business?**

The silver lining of the crisis is that it has allowed us to spend much more time together as a family – even if “cabin fever” is a continual issue. Yvette and I feel very fortunate to have our three children together under the same roof for an extended period of time. From a business perspective, Covid-19 has resulted in the temporary closure of all of our Montage and Pendry hotels, which has unfortunately negatively impacted our 4,000 associates in many ways.

#### **How is the economy likely to recover after all of this in your opinion?**

I believe the pace and strength of the economic recovery will differ by industry. Industries such as cruise lines and movie theaters may be very negatively impacted for many years. With respect to the lodging industry, specifically, although there will be pent-up leisure demand once social restrictions are lifted, it will likely be a long time before conferences, group meetings, and social catering events return to normal levels. Instituting new social distancing and cleanliness measures and standards to make guests feel comfortable when traveling will be key to driving demand.

#### **What have you/your company done to help others in this crisis?**

Montage is offering Montage Cares and Pendry Cares Certificates for purchase, with 100% of all funds raised contributed to our Hearts of Montage Associate Relief Fund. This initiative provides individuals with a chance to not only lend a helping hand to associates in need, but also a unique opportunity for you and your family to enjoy our Montage and Pendry hotels and resorts at an unprecedented value. Please visit [www.heartsofmontage.com](http://www.heartsofmontage.com) to learn more and make a contribution.



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### Harley Bassaman, Convexity Maven

#### **What about the current crisis worries you the most? What gives you the most hope?**

I am most hopeful that this virus is not significantly different than others. I am not saying it is the same as the seasonal flu, but I do think it will become manageable within the boundaries of risks we already tolerate in society.

My worry is that it will not be business as usual after the blow the all clear whistle. Either because small business cannot recover, or that spending patterns are massively altered (such as travel or office space)

#### **How has this crisis affected your family? Your business?**

The family is sage, except for the obvious concern about the grandparents. It is called a "surprise" because it is a surprise. The issue here is the crystal ball is quite cloudy since we do not know how the world will change spending and work patterns after the event. Work from home is now more legit, and everyone is now a ZOOM expert. Thus it is quite hard to advise on how to allocate capital

#### **What changes have made to how your businesses operate to maintain social distancing and employee safety?**

People do not like to invest if they cannot sit across the table from someone and look them in the eyes. Notwithstanding George W Bush looking into Putin soul, trust and character are foremost for investors.

#### **How do you see a rebound happening after the shutdown ends?**

Large companies that populate the S&P 500 will all be fine, which is why that Index has recovered so quickly. Small business, which makes up about a third of all employment is a different story. And of course, as alluded above, spending patterns will be different. Will ball games still be packed? Concerts? Travel will clearly be different, especially if countries place restrictions on entry, such as Singapore.

#### **How is the economy likely to recover after all of this in your opinion?**

Answered above

#### **What have you done to help others in this crisis?**

We order in from local restaurants, and have continued to engage with other essential service providers.

#### **What have you been doing with your idle time?**

I am writing a lot more, and reading books I have in inventory; and finally watching some of the quality TV series we have always been too busy to click.



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**Susan Thomas, Board Chair Laguna Food Pantry**

**What about the current crisis worries you the most?**

I am worried about the Laguna Food Pantry having enough food for the enormous increase in demand by shoppers needing free groceries.

**What gives you the most hope?**

The outpouring of offers of help from volunteers and support of donors, both new and existing, fills me with hope and gratitude for the kindness of the community.

**How has this crisis affected your business?**

Laguna Food Pantry has experienced as much as double the number of shoppers visiting many weekdays since the middle of March. The demand does not seem to be slowing.

Laguna Food Pantry changed its retail style grocery shopping to drive-through grocery distribution within a few days. Regular volunteers, many of whom are retired, could no longer volunteer. With a smaller workforce, Laguna Food Pantry mobilized to serve a more significant number of shoppers.

Additionally, Laguna Food Pantry has forged stronger, ever-lasting relationships with Sally's Fund and the Department of Veterans Affairs, expanding the numbers of seniors and veterans receiving free groceries.

**How is the economy likely to recover after all of this in your opinion?**

Not sure about the overall economy, but Laguna Food Pantry will likely have an increased number of shoppers for the foreseeable future. So many have lost jobs or have no hourly wages and are struggling to stay in existing housing. Struggling families will continue to need food that they cannot afford to buy.

**What have you/your company done to help others in this crisis?**

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## **Brian Nugent - Founding General Partner, Sway Ventures**

### **What about the current crisis worries you the most? What gives you the most hope?**

I worry most about the displacement of the workforce and the impact of that on families. I have direct visibility into hundreds of companies and almost all of them (even ones that are doing well) seem to be laying off a portion of their staff. It is sad to think about how many folks will be affected by the economic impact of the crisis.

There is a silver lining in pretty much anything, and this crisis is no exception. Society will come out of this stronger, more aware, more collaborative and will be used to getting more done with less. Businesses in many cases are functioning just fine with virtual workforces, surprising many business leaders. This will create new modalities that are good for society and more importantly, good for the environment. Without a stable and sustainable planet, society becomes irrelevant. People are realizing maybe they won't need to jump in their car or on a plane for every meeting. Perhaps they can mix in video conferencing from home or their office and not be beholden to old modalities. I don't think that means in-person meetings will cease, just that people will think twice before defaulting to them, which is healthy. Look at pictures of large cities like New Delhi in India and Beijing, China, where rampant air pollution obscure the skyline. Today they are clear as a bell with air health indicators showing green as never before. Our environment becomes a winner in all of this if we can learn and apply these valuable lessons in modifying our behavior. We will also undoubtedly become better prepared for future pandemics which means that our response to this crisis will ultimately yield benefits for all. I have seen firsthand the improvements being made in supply chain integrity, first responder response efficiency, health system scalability. And if we are lucky, a vaccine may emerge that makes this affliction treatable.

### **How has this crisis affected your family? Your business?**

The family has remained home and adhered to the shelter in place rules and that seems to have kept the gang out of harm's way. Distance learning for school and virtual meetings for work have enabled life to continue on apace, albeit making everyone a bit stir crazy. Proficiency in board and card games has increased dramatically. Ready for community competition when the crisis abates!

The business has proven to be quite demanding in this time. We invest capital into private equity, private credit and real estate. And all three sectors are seeing tremendous headwinds....and tailwinds. One thing is for sure, it is not business as usual. So we have to adapt our approach and work hard to stave off losses by supporting our portfolio to weather the storm, while capitalizing on new opportunities



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that are emerging from the crisis. It's a bit like triage with a room full of patients, who needs a ventilator and who is asymptomatic and can give blood.

**How is the economy likely to recover after all of this in your opinion?**

We will emerge from the downturn. We always do. This downturn was not caused by secular trends or misdeeds but rather a health crisis, that can go away, as fast as it came. This may mean that we recover faster than the great recession of 2008-2009, but things will not be the same as before. The key is that life and work will be different in many ways. And the faster we can adapt our lifestyles to the new norm, the faster we can take advantage of the changes. Being able to be productive in a virtual mode will suit you well. Economic recoveries always favor those who allow themselves room for learning and growth and taking new approaches to old problems. Out of the last recession emerged companies such as: Uber, Venmo, Pinterest, Square, Whatsapp, Slack and AirBnB. The concept being we were compelled to do things differently. Things had to change. And those who embraced it and had the conviction to help lead the way out reaped the rewards. A focus of our business is to find the next great entrepreneurial ideas that can help transform society for the better.

**What have you/your company done to help others in this crisis?**

With our business we have managed to help shore up balance sheets and save thousands of jobs, while helping businesses become more efficient and be in a better position to survive the downturn.

We have also focused on activism to try and provide financial and logistical support to charities and non-profits that are in a great position to help many of the more needy cohorts affected by this crisis.

**Thank you to all the contributors!**